

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 CIAE-00 COME-00 EB-07 INR-07 LAB-04

NSAE-00 SIL-01 DODE-00 PA-01 USIA-06 PRS-01 SP-02

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 6430

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E.O. 11652: N/A

TAGS: PINT, EGEN, BDIS, CPRS, IT

SUBJ: SAN REMO CASE

REF: (A) ROME 4120, (B) ROME 3923, (C) 74 ROME 2706,

(D) 74 ROME 1534, (E) 73 ROME 13859

1. FRANCO GRASSINI, DIRECTOR GENERAL FOR GEPI (GESTIONE E PARTECIPAZIONE INDUSTRIALE) STATE MANAGEMENT FIRM, HAS ASKED EMBASSY FOR ASSISTANCE ON SAN REMO PROBLEM. AS DEPARTMENT AWARE (REF. A AND B) GRASSINI HAS BEEN ACCUSED OF ABUSING PUBLIC POSITION FOR PRIVATE GAIN AND CONSPIRACY AS RESULT HIS ROLE IN ARRANGING TAKEOVER OF GENESCO SUBSIDIARY, SAN REMO, BY GEPI IN 1973.

2. GRASSINI SAID THAT FORMER OWNER OF SAN REMO MADE DESPERATE BID TO TAKE COMPANY OVER AS IT WAS TOTTERING TWO YEARS AGO, THAT FORMER OWNER FAILED THEN, THAT HE IS TRYING AGAIN, AND THAT HE IS BEHIND INDICTMENT MANEUVERS. GRASSINI HAS SENT CABLE TO GENESCO HEADQUARTERS IN NASHVILLE ASKING FOR A NUMBER OF DOCUMENTS WHICH HE SAYS WILL REVEAL THAT GOI ACTED IN GOOD FAITH IN ACQUIRING SAN REMO. HE ADDED THAT DOCUMENTATION WOULD PROVE THERE WAS NO POSSIBILITY OF SCANDAL. HE ASKED THAT AMBASSADOR
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USE HIS GOOD OFFICES WITH GENESCO TO ENSURE THAT DOCUMENTATION

IS SENT TO HIM. EMBOFF POINTED OUT TO GRASSINI THAT AS A DIPLO-
MATIC MISSION WE WOULD NOT NORMALLY INTERVENE AND IT WAS ALSO
OUR UNDERSTANDING THAT DEPARTMENT OFFICERS HAD RECENTLY ANNOUNCED
PLANS FOR TRANSMITTING INFORMATION ON A RESERVED BASIS BETWEEN
U.S. INVESTIGATORY BODIES AND SIMILAR ENTITIES IN FOREIGN COUNTRIES
IN CASES INVOLVING ALLEGED ILLEGAL MULTINATIONAL ACTIVITIES.
EMBOFF EXPLAINED THAT HE COULD NOT ASSESS HOW DEPARTMENT WOULD
VIEW HIS, GRASSINI'S, REQUEST IN VIEW OF OUR UNCERTAINTY ABOUT
STATUS OF PROPOSED INFORMATION TRANSMITTAL MECHANISMS AND THAT
THEREFORE WE COULD MAKE NO COMMITMENTS. EMBOFF DID INDICATE,
HOWEVER, THAT EMBASSY WOULD APPRISE DEPARTMENT OF THE PROBLEM.

3. SUBSEQUENT TO GRASSINI'S REQUEST, ON MARCH 9 WALL STREET
JOURNAL PUBLISHED STATEMENT BY GENESCO DENYING ANY WRONGDOING
IN ITALY. GENESCO SPOKESMAN SAID "GENESCO HASN'T MADE ANY PAY-
MENT TO ANY OFFICIALS OF THE ITALIAN GOVERNMENT. WE BRIBED NOBODY."
GENESCO SPOKESMAN WAS QUOTED AS SAYING THAT COMPANY HAD DECIDED
TO DISPOSE OF ITALIAN MEN'S CLOTHING COMPANY BECAUSE IT WAS
DEEPLY IN DEBT AND LOSING MONEY. AFTER LENGTHY NEGOTIATIONS WITH
GEPI, ACCORDING TO SPOKESMEN, GEPI AGREED TO TAKE OVER SAN REMO
IN 1974, PROVIDED THAT GENESCO PUT 8 MILLION DOLLARS MORE
CAPITAL INTO THE COMPANY TO MAKE IT MORE ECONOMICALLY VIABLE.

4. TO FURTHER COMPLICATE MATTERS, PARLIAMENTARY RATIFICATION OF
THE DECREE LAW ASSISTING 17,000 WORKERS WHO ARE LOSING THEIR JOBS
AS A RESULT OF BANKRUPTCY OR LIQUIDATION OF A NUMBER OF COMPANIES,
INCLUDING SINGER AND TORRINGTON, IS BEING HELD UP BECAUSE OF THE
IMPLICATION OF GEPI AND IN PARTICULAR GRASSINI IN SAN REMO
INVESTIGATION (REF. A).

5. FOR DEPARTMENT'S INFORMATION, EMBASSY'S ROLE IN FACILITATING
TRANSFER OF SAN REMO TO GEPI WAS SPELLED OUT IN REFERENCES (C),
(D) AND (E). EMBASSY HAD NO EVIDENCE THEN NOR HAS IT ANY
EVIDENCE NOW TO INDICATE THAT BRIBERY OCCURRED.

6. ACTION REQUESTED: UNLESS THE DEPARTMENT PERCEIVES OBJECTIONS,
EMBASSY URGES DEPARTMENT CONVEY TO GENESCO HEADQUARTERS, NASH-
VILLE, AMBASSADOR VOLPE'S REQUEST THAT GENESCO FURNISH TO
DR. GRASSINI THE DOCUMENTATION HE WANTS IN ORDER TO HELP
CLEAR HIS NAME.VOLPE
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Message Attributes

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